



# FY 2005 Report

## 2005 RESULTS: IOWA LOTTERY ACHIEVES RECORD SALES

### Lottery Raises \$51.2 Million For State Programs In Latest Fiscal Year

*Editors, News Directors, note: An actuality featuring comments from Iowa Lottery spokesperson Mary Neubauer is available by calling 515-281-5572.*

DES MOINES, Iowa – July 25, 2005 – The Iowa Lottery achieved record sales in its latest fiscal year and raised more than \$51 million for state programs.

Preliminary figures released Monday show that lottery sales totaled \$210.7 million in fiscal year 2005, which ended June 30. That was up about 1 percent from FY 2004 sales of \$208.5 million and marked the highest sales total for the lottery in its 20-year history.

Unaudited figures show the lottery raised \$51.2 million in revenues for state programs during FY 2005, a decrease of about 8 percent from the previous year.

Dr. Ed Stanek, Chief Executive Officer of the Iowa Lottery Authority, said that two main factors affected the lottery's 2005 profits: the cost of equipping Casey's General Stores locations in Iowa to sell lottery products; and a decrease in Powerball sales.

Stanek said that the lottery was pleased to welcome Casey's 350 Iowa convenience stores to its retailer base in fiscal year 2005, but the addition meant an expenditure of about \$2 million by the lottery for satellite communications equipment, ticket-vending equipment and point-of-sale material for those locations. All of that cost fell into one fiscal year, but the long-term benefits to the state will more than offset that, Stanek said.

"The addition of all Casey's locations in Iowa to the lottery's retail base creates more opportunities for lottery fun in the state and bodes well for long-term benefits to both the lottery and Casey's," Stanek said.

The lottery began installing equipment in Casey's stores in mid-September and completed installations in late January.

Iowa Powerball sales in FY 2005 were down more than 17 percent compared to the previous year. And, although sales of other lottery products more than made up the difference, those other products had a lower profit margin. Changes announced in

-- more --

CONTACT MARY NEUBAUER, IOWA LOTTERY, 515.281.7906

FAX 515.281.7905

E-MAIL [mary.neubauer@ilot.state.ia.us](mailto:mary.neubauer@ilot.state.ia.us)

Powerball that will take effect in August are projected to positively impact the game.

Beginning Aug. 28, the guaranteed starting jackpot in Powerball will increase from \$10 million to \$15 million. Another change will double the prize for those players who match the first five numbers but miss the Powerball. They'll win \$200,000 instead of the current \$100,000. Two white balls will be added to the first pool of numbers in Powerball drawings, meaning players will choose five numbers from 55. Players will continue to select the Powerball from a pool of 42.

Stanek, one of Powerball's co-inventors, said that other strategic planning on the state level has continued the Iowa Lottery's pioneering approach to product development. In its latest fiscal year, the lottery became the first in the world to begin selling an electronic version of the instant-scratch game. The new product, known as the electronic game card, is battery powered and loaded with dozens of plays on each card. The first game card, called "Quarter Play," sold strongly in a market test that began in October, and the lottery went forward with statewide sales in May.

"We believe our continued focus on player entertainment through innovation positions the Iowa Lottery for ongoing success," Stanek said.

Sales of instant-scratch tickets, the lottery's traditional sales leader, again led the way in FY 2005, with sales in the category increasing by more than 8 percent to \$103.3 million.

Sales in Hot Lotto made the biggest increase among the lottery's traditional products, jumping nearly 23 percent to more than \$2 million. Hot Lotto is a multi-state game that is played like Powerball, but with easier odds and jackpots starting at \$1 million.

Throughout FY '05, the lottery also continued its partnership with small businesses around the state in the deployment of monitor vending machines, which add video and sound to the process of dispensing a ticket. Net sales from the machines, which are marketed under the brand name TouchPlay, totaled about \$6.4 million for the year.

Iowa Lottery revenues are deposited in the state general fund, where they are used to pay for a variety of programs. Some of the programs that receive money from the general fund include education, natural resources, health and family services and public safety.

Since the Iowa Lottery's inception in 1985, nearly \$1.9 billion has been awarded in prizes and more than \$935 million has been raised for state programs.